

**Testimony of  
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Vice President  
Horizon Milling**

**Before the  
House Committee on Agriculture  
Subcommittee on Specialty Crops and Foreign Agriculture Programs  
  
Food Aid Programs**

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Thank you Mr. Chairman and members of the Subcommittee. I am Jim Madich, a vice president of Horizon Milling a Cargill Foods affiliate. I also serve as the chairman of the International Trade Committee of the North American Millers' Association, the trade association representing 48 companies that operate 169 wheat, oat and corn mills in 38 states. NAMA member companies have been active suppliers to US food aid programs since the inception of the PL 480 program 50 years ago. We supply fortified, grain-based products such as wheat flour, bulgur and corn soy blend to USDA and they are then used by NGO's and the World Food Programme in direct distribution, school feeding, food for work and monetization programs. I'm also here as a proud citizen who's been lucky enough to play a small role in these programs which have an enormous positive impact on people who are struggling to survive. The stories that I have heard over the years are awe inspiring and humbling and I appreciate your interest in learning more about food aid.

It is a privilege to provide NAMA's perspective on US food aid programs at one of the most critical junctures in this important humanitarian program's history. NAMA is one of the most supportive organizations of both the objectives and effectiveness of export food aid programs at a time when some of our trade competitors are vocally criticizing those programs. In the WTO, our detractors are working to decrease the amount of resources that the US puts into development food aid. The tragic result of this misguided approach will be even greater food insecurity in the world and more frequent and devastating occurrences of food emergencies.

I believe the positive impact of these programs cannot be understated. We currently spend annually about \$1.2 billion on the Title II budget of PL 480 and our overall budget for food aid has run between \$1.5-2.4 billion per year. That relatively small budget assists about 100 million people in both emergency and development programs carried out by NGOs or Private Voluntary Organizations and the World Food Program. Since the current estimate of malnourished people in the world has grown to 850 million, the problem is not that we're doing too much- We're clearly doing far too little.

Our great agricultural bounty can be used as a powerful force for the good of food insecure people in the world. Development programs carried out using US food aid reduce dependency aid and promote self-reliance. Additionally, they generate a

tremendous amount of appreciation and gratitude towards the US. There is nothing more powerful than a bag of food that says, the gift of the American people on it. We need to recognize that these development programs are an essential part of our national security structure. We are essentially reducing the pool of hopeless and disenfranchised people from whom our adversaries draw. Food aid defines who we are as a country. It is a visible demonstration of US compassion and caring in a world beset with poverty and unrest.

Congress clearly cares about putting forth this positive image of the US and that's why they have required that 75% of the Title II budget is to be spent on non-emergency food programs. Unfortunately, in recent years, Title II has been used overwhelmingly for emergencies, a concept that appeals to both budget watchers and others. Everyone agrees that the US should be in a position to lead the interventions in situations such as the current crisis in Darfur. However, food aid reaches its peak effect as a means to create development that will prevent such emergencies. We worry that our ability to thwart future emergencies and fight chronic hunger is diminished without deeply rooted, long-term assistance programs in place.

We can do more and we can do a better job of delivering relief to hungry people around the world. Food aid budgets need to be predictable and big enough to make a real dent in the number of malnourished people around the world, to improve education levels and help HIV/AIDS remediation. The current appropriations process has yielded inadequate funding up front for global appeals resulting in the need for additional supplemental appropriations and the use of emergency commodities from the Bill Emerson Humanitarian Trust. This piecemeal funding process does not allow for long term planning and forces programs to be cancelled and recipients dropped. We want to work with Congress and other stakeholders leading up to the 2007 Farm Bill so that future funding can be more predictable and stable.

Predictability and stability can have a positive impact on the entire food aid chain. USDA and USAID could then incorporate streamlined purchasing procedures that mirror both current commercial and US military procurement practices to reduce costs.

The producer and grower communities support increasing efficiency in US food aid programs and USAID has begun to innovate. USAID began a pilot project in September of 2004 to warehouse highly nutritious, processed US commodities within easy access to the areas of the globe that are at greatest risk for future emergencies. It has been an overwhelming success. The pre-positioning program enabled the US to deliver food aid to Tsunami victims within hours of that tragedy occurring. This program can be expanded to warehouse more commodities in locations where they can be called upon in emergencies without delay. This is particularly important, since US processed and fortified products are significantly more nutritious than food available in most regions, or bulk commodities that must be further processed and fortified to be useful.

The hallmark of US food aid programs is that they deliver high quality and highly nutritious products to people in need. It is a mistake to use US tax dollars to purchase products overseas when our products can be put in place to address emergencies. American producers, suppliers and shipping companies should benefit from the US contribution to fighting global hunger.

The detractors of US food aid programs have attempted to put the US on the defensive, calling our humanitarian food aid an export subsidy and suggesting that we

should provide cash, instead of food. As one of the supportive constituencies of food aid, we think the win-win nature of US food aid is the reason the US is providing nearly 50% of the global food aid needs. Food aid enjoys widespread support in the US in part because the US public has concerns that cash donations can be misused and lack the same level of transparency as food donations. The US Congress must vocally defend the legitimacy of our food aid programs. The world desperately needs US food aid and it is our right to provide aid in the form of food instead of cash. Our colleagues in the WTO should not restrict our humanitarian efforts but should be challenged to match them.